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中国能建
ENERGY CHINA

中國能源建設股份有限公司
CHINA ENERGY ENGINEERING CORPORATION LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3996)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

HALF-YEAR FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2017:

The revenue of the Company was RMB106,047.5 million, representing an increase of 15.12% as compared with the corresponding period last year.

Net profit attributable to owners of the Company was RMB2,259.2 million, representing an increase of 2.22% as compared with the corresponding period last year.

Basic earnings per share was RMB7.55 cents per share, representing an increase of RMB0.18 cent per share as compared with the corresponding period last year.

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2017.

The board of directors (the "**Board**") of China Energy Engineering Corporation Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**2017 Interim Results**"), together with the comparative figures of the corresponding period in 2016.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017 – UNAUDITED

(Expressed in Renminbi)

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*1*	**106,047,451**	92,115,217
Cost of sales		**(94,308,220)**	(81,838,267)
Gross profit		**11,739,231**	10,276,950
Other income		**1,246,535**	374,370
Other net gains and losses	*2*	**(370,833)**	243,602
Selling expenses		**(945,740)**	(784,764)
Administrative expenses		**(4,686,196)**	(4,599,461)
Research and development expenses		**(811,157)**	(759,824)
Finance income	*3*	**467,449**	313,230
Finance costs	*3*	**(1,358,044)**	(1,363,795)
Share of (losses)/profits of joint ventures		**(4,852)**	8,508
Share of profits/(losses) of associates		**5,716**	(7,306)
Profit before tax		**5,282,109**	3,701,510
Income tax	*4*	**(1,339,585)**	(857,011)
Profit for the period		**3,942,524**	2,844,499
Other comprehensive income, net of income tax:			
Items that will not be reclassified to profit or loss:			
– Remeasurement of defined benefit obligations		**520,481**	(2,210)
– Income tax relating to remeasurement of defined benefit obligations		**(14,041)**	121
		506,440	(2,089)

	Note	Six months ended 30 June **2017** ***RMB'000***	 2016 *RMB'000*
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**(536)**	(32,244)
– Net fair value gain/(loss) on available-for-sale financial assets		**25,395**	(380,113)
– Reclassification adjustment to profit or loss on disposal of available-for-sale financial assets		**(7,680)**	(659)
– Income tax relating to items that may be reclassified subsequently to profit or loss		**(756)**	81,044
		16,423	(331,972)
Other comprehensive income for the period, net of income tax		**522,863**	(334,061)
Total comprehensive income for the period		**4,465,387**	2,510,438
Profit for the period attributable to:			
Owners of the Company		**2,259,223**	2,210,115
Holders of perpetual capital instruments		**166,950**	38,726
Non-controlling interests		**1,516,351**	595,658
		3,942,524	2,844,499
Total comprehensive income attributable to:			
Owners of the Company		**2,701,852**	1,945,954
Holders of perpetual capital instruments		**166,950**	38,726
Non-controlling interests		**1,596,585**	525,758
		4,465,387	2,510,438
Earnings per share			
Basic and diluted (RMB cents)	*5*	**7.55**	7.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017 – UNAUDITED

(Expressed in Renminbi)

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**29,646,326**	29,532,087
Prepaid lease payments		**8,341,506**	8,213,342
Investment properties		**630,844**	644,009
Intangible assets		**16,774,072**	15,993,386
Investments in joint ventures		**3,557,523**	3,566,814
Investments in associates		**4,060,372**	3,339,963
Goodwill		**1,400,801**	1,287,918
Available-for-sale financial assets		**6,895,939**	6,642,004
Deferred tax assets		**1,506,775**	1,413,215
Trade receivables	*7*	**5,505,395**	5,576,038
Prepayments, deposits and other receivables		**2,592,311**	1,881,948
Other loans		**1,826,951**	1,837,763
		82,738,815	79,928,487
Current assets			
Inventories		**11,410,866**	9,494,128
Properties under development for sale		**34,122,362**	24,860,970
Completed properties for sale		**1,264,847**	1,447,443
Amounts due from customers for construction contracts		**33,981,721**	23,804,689
Trade and bills receivable	*7*	**56,034,264**	53,633,187
Prepayments, deposits and other receivables		**47,389,315**	45,956,578
Prepaid lease payments		**193,212**	213,687
Other loans		**835,694**	1,434,536
Available-for-sale financial assets		**500,000**	–
Financial assets at fair value through profit or loss		**54,585**	70,182
Pledged deposits		**2,694,637**	2,698,576
Bank and cash balances		**42,021,454**	49,115,058
		230,502,957	212,729,034

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current liabilities			
Trade and bills payables	8	**79,766,631**	74,361,988
Amounts due to customers for construction contracts		**6,961,409**	5,734,119
Other payables and accruals		**53,664,445**	47,275,838
Income tax payable		**718,191**	1,323,432
Bank and other borrowings		**30,336,642**	23,099,999
Defined benefit obligations		**839,460**	810,612
Corporate bonds		**11,443,705**	10,692,168
Finance lease payables		**289,521**	299,979
Provisions		**154,980**	144,091
		184,174,984	163,742,226
Net current assets		**46,327,973**	48,986,808
Total assets less current liabilities		**129,066,788**	128,915,295
Non-current liabilities			
Other payables and accruals		**82,377**	63,609
Bank and other borrowings		**24,470,660**	28,038,320
Finance lease payables		**–**	490
Corporate bonds		**15,288,620**	16,229,316
Defined benefit obligations		**8,854,769**	9,075,014
Deferred tax liabilities		**1,013,609**	964,669
Deferred revenue		**671,169**	554,878
		50,381,204	54,926,296
NET ASSETS		**78,685,584**	73,988,999
CAPITAL AND RESERVES			
Issued share capital		**30,020,396**	30,020,396
Reserves		**16,035,685**	14,372,896
Equity attributable to owners of the Company		**46,056,081**	44,393,292
Perpetual capital instruments		**11,550,000**	10,100,000
Non-controlling interests		**21,079,503**	19,495,707
TOTAL EQUITY		**78,685,584**	73,988,999

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from:		
Survey, design and consulting services	**5,765,752**	5,696,369
Infrastructure construction contracts	**72,020,325**	65,237,324
Rendering of other services	**15,809,778**	10,549,124
Sale of properties	**4,048,671**	2,474,065
Sale of goods	**8,402,925**	8,158,335
Total	**106,047,451**	92,115,217

The executive directors of the Company are identified as the chief operating decision maker (the "**CODM**") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

- Provision of survey and design services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farms and solar power in China and overseas, and the provision of a broad range of consulting services, such as the policy and planning of power industry as well as testing, evaluation and supervision of power projects ("**Survey, design and consulting**");

- Provision of construction and contracting services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farm and solar power in China and overseas, as well as undertaking other types of construction projects, such as water conservancy facilities, transportation, municipal engineering, industrial and civil construction projects ("**Construction and contracting**");

- Design, manufacturing and sales of various types of equipment for various sectors of the power industry, including mainly auxiliary machinery equipment for power plants, power grid equipment, steel structure, energy-saving and environmental-friendly equipment and complete sets of equipment ("**Equipment manufacturing**");

- Manufacturing and sales of civil explosives and cement, and the provision of blasting services for construction projects ("**Civil explosives and cement production**");

- Investing in and operating power plants, infrastructure projects (such as railways and roads) and environmental water project operation, as well as engaging in the real estate developing business ("**Investment and other businesses**").

Segment revenue and results

For the six months ended 30 June 2017 (Unaudited)

	Survey, design and consulting *RMB'000*	Construction and contracting *RMB'000*	Equipment manufacturing *RMB'000*	Civil explosives and cement production *RMB'000*	Investment and other businesses *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue							
External segment revenue	**5,765,752**	**72,020,325**	**3,874,135**	**4,528,790**	**19,858,449**	**–**	**106,047,451**
Inter-segment revenue	**60,910**	**4,161,144**	**132,419**	**–**	**236,372**	**(4,590,845)**	**–**
Segment revenue	**5,826,662**	**76,181,469**	**4,006,554**	**4,528,790**	**20,094,821**	**(4,590,845)**	**106,047,451**
Segment results	**1,454,265**	**3,029,959**	**(115,600)**	**767,251**	**1,458,225**	**(152,026)**	**6,442,074**
Unallocated items							
Cost of sales							**(171)**
Other income							**272,859**
Other net gains and losses							**(370,833)**
Selling expenses							**(6,251)**
Administrative expenses							**(162,260)**
Research and development expenses							**(3,578)**
Finance income							**467,449**
Finance costs							**(1,358,044)**
Share of (losses)/profits of joint ventures							**(4,852)**
Share of profits/(losses) of associates							**5,716**
Profit before tax							**5,282,109**

For the six months ended 30 June 2016 (Unaudited)

	Survey, design and consulting *RMB'000*	Construction and contracting *RMB'000*	Equipment manufacturing *RMB'000*	Civil explosives and cement production *RMB'000*	Investment and other businesses *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue							
External segment revenue	5,696,369	65,237,324	4,121,622	4,036,713	13,023,189	–	92,115,217
Inter-segment revenue	204,690	2,954,584	85,165	–	5,825	(3,250,264)	–
Segment revenue	5,901,059	68,191,908	4,206,787	4,036,713	13,029,014	(3,250,264)	92,115,217
Segment results	1,790,303	3,261,310	(86,024)	446,816	1,377,001	(107,130)	6,682,276
Unallocated items							
Cost of sales							(350,367)
Other income							374,370
Other net gains and losses							243,602
Selling expenses							(73,612)
Administrative expenses							(1,822,547)
Research and development expenses							(302,849)
Finance income							313,230
Finance costs							(1,363,795)
Share of (losses)/profits of joint ventures							8,508
Share of profits/(losses) of associates							(7,306)
Profit before tax							3,701,510

Geographic information

The Group's operations and non-current assets are mainly located in Mainland China. The geographical information about its revenue and non-current assets prepared by location of customers is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Segment revenue		
Mainland China	**88,005,305**	79,032,071
Overseas:		
Pakistan	**3,903,231**	2,762,282
Vietnam	**2,780,554**	1,063,340
Indonesia	**2,034,300**	893,109
Venezuela	**1,251,408**	464,929
Angola	**1,098,649**	530,882
Bangladesh	**1,087,709**	514,364
Others	**5,886,295**	6,854,240
Total	**106,047,451**	92,115,217

	At 30 June	At 31 December
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets		
Mainland China	**65,129,573**	62,356,062
Overseas:		
Pakistan	**340,785**	217,694
Liberia	**144,135**	152,459
Qatar	**71,193**	77,843
Vietnam	**891,233**	895,516
Ethiopia	**427**	48,567
Others	**426,409**	531,326
Total	**67,003,755**	64,279,467

Non-current assets exclude financial instruments and deferred tax assets.

Revenue from major customers

There is no major individual customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2017 (30 June 2016: nil).

Segment assets and liabilities

Information reported to the CODM for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

2. OTHER NET GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange (loss)/gain	**(177,880)**	117,967
Gain/(loss) on disposal of:		
– Associates	**–**	41,030
– Financial assets measured at fair value through profit or loss	**(252)**	8,192
– Available-for-sale financial assets	**3,582**	(368)
– Property, plant and equipment	**39,295**	16
– Prepaid lease payments	**–**	80,517
– Subsidiaries	**–**	230,045
Impairment loss recognised in respect of:		
– Trade receivables	**(162,360)**	(227,445)
– Other receivables	**(1,793)**	(20,405)
Fair value changes of financial assets measured at fair value through profit or loss	**(12,276)**	4,386
Cumulative gain on disposal of available-for-sale financial assets	**7,680**	659
Others	**(66,829)**	9,008
Total	**(370,833)**	243,602

3. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on:		
Bank and cash balances and pledged deposits	**332,585**	221,318
Other loans	**98,982**	54,113
Defined benefit plan assets	**35,882**	37,799
Total finance income	**467,449**	313,230
Interest expenses on:		
Bank and other borrowings	**1,303,288**	1,549,218
Corporate bonds	**321,927**	216,419
Finance leases	**8,574**	19,003
Discounted bills	**37,210**	14,656
Short-term financing notes	**–**	57,086
Defined benefit obligations	**172,849**	195,795
	1,843,848	2,052,177
Less: Interest capitalised into		
– Construction in progress	**8,129**	46,203
– Properties under development for sale	**477,675**	642,179
Total finance costs	**1,358,044**	1,363,795

Borrowing costs were capitalised to the qualifying assets based on the effective interest rates of bank and other borrowings, corporate bonds and short-term financing notes.

The borrowing costs have been capitalised at rates of 4.80% to 8.00% for the six months ended 30 June 2017 (six months ended 30 June 2016: 4.28% to 8.40%)

4. INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current enterprise income tax	**1,195,053**	820,059
Deferred tax	**(62,747)**	(11,844)
Land appreciation tax ("**LAT**")	**207,279**	48,796
	1,339,585	857,011

The majority of the entities in the Group are located in Mainland China. Under the relevant Corporate Income Tax Law of the People's Republic of China ("**PRC**") and the respective regulations, except for certain preferential treatments available to the Company's subsidiaries, which were exempted or taxed at a preferential rate of 15% during the reporting period primarily due to their status as entities engaging in technology development or development projects in the western part of Mainland China, the PRC entities within the Group are subject to corporate income tax at a rate of 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**2,259,223**	2,210,115

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**29,921,724**	30,004,227

The calculation of basic earnings per share is based on the weighted average number of ordinary shares in issue during the interim period, after adjusting for the restricted share incentive scheme.

Given vesting condition of restricted shares are subject to achievement of financial performance of the Company and individual performance assessment of participants over the unlocking period, there was no dilutive effect arising from restricted share incentive scheme for the six months ended 30 June 2017.

6. DIVIDENDS

(i) Dividends payable to owners of the Company attributable to the six months ended 30 June

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB nil).

(ii) Dividends payable to owners of the Company attributable to the previous financial year, approved during the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2017, of RMB0.0296 per share (2016: RMB0.00416 per share)	888,604	124,885

7. TRADE AND BILLS RECEIVABLE

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**47,758,418**	44,659,392
Retention money receivables	**8,295,297**	7,935,233
Less: allowance of doubtful debts	**(2,963,993)**	(2,803,199)
	53,089,722	49,791,426
Bills receivable	**3,647,133**	4,799,663
Build-Transfer ("**BT**")/Build-Operate-Transfer ("**BOT**") project receivables	**4,802,804**	4,618,136
Total trade and bills receivable	**61,539,659**	59,209,225
Analysed for financial reporting purpose:		
Non-current	**5,505,395**	5,576,038
Current	**56,034,264**	53,633,187
	61,539,659	59,209,225

Trade and bills receivable of the Group primarily represent receivables from grid and power generation companies. The credit terms granted to its trade customers ranged from 30 days to 180 days, except for the retention receivables and certain receivables from BT and BOT projects.

The retention receivables are repayable at the end of the retention period of the respective construction contracts, usually between 12 to 24 months. The trade receivables arising from BT and BOT projects are unsecured and are repayable by instalments over a 4 to 30 years period during or after the completion of the construction of the underlying projects.

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
0 to 6 months	**40,037,449**	39,773,585
6 months to 1 year	**9,087,323**	7,655,659
1 year to 2 years	**6,236,208**	5,947,042
2 years to 3 years	**3,332,208**	2,984,576
3 years to 4 years	**1,586,975**	1,357,346
4 years to 5 years	**708,773**	670,758
Over 5 years	**550,723**	820,259
	61,539,659	59,209,225

The amounts due from ultimate holding company, fellow subsidiaries, joint ventures and associates included in the trade and bills receivable are analysed as follows:

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
Ultimate holding company	**794**	778
Fellow subsidiaries	**11,423**	15,792
Joint ventures	**27,469**	86,000
Associates	**1,185,323**	1,113,990
Total	**1,225,009**	1,216,560

The above amounts are unsecured and interest-free. The Group has not granted any credit periods to related parties. Most balances are past due but not impaired and aged within one year.

As at 30 June 2017, the Group pledged its trade receivables from grid companies amounting to approximately RMB388,766,000 (31 December 2016: RMB459,796,000) to secure loan facilities granted to the Group.

8. TRADE AND BILLS PAYABLES

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Trade payables	**74,574,135**	69,459,841
Bills payable	**5,192,496**	4,902,147
	79,766,631	74,361,988

The credit period on purchases of goods or services ranges from 30 days to 180 days.

As at 30 June 2017, retention payables of RMB3,963,734,000 (31 December 2016: RMB3,011,815,000) were included in trade and bills payables. Retention payables are interest free and payable at the end of the retention periods of the respective construction contracts. The Group's normal operating cycle with respect to the construction contracts is usually more than one year.

The following is an ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Within 1 year	**65,985,945**	61,060,118
1 to 2 years	**6,965,306**	7,143,900
2 to 3 years	**4,047,957**	3,496,652
More than 3 years	**2,767,423**	2,661,318
	79,766,631	74,361,988

The amounts due to fellow subsidiaries and associates included in the trade and bills payables are analysed as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Fellow subsidiaries	**71,305**	78,458
Associates	**17,741**	17,249
	89,046	95,707

The above amounts due to related parties are unsecured, interest free and repayable on similar credit terms offered by other suppliers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Industry Development

Construction industry. In the first half of 2017, the total output value of the national construction industry reached RMB8.59 trillion, representing a year-on-year increase of 10.9% and a year-on-year increase of 3.9 percentage points in growth rate. The contract value in hands of enterprises reached RMB28.87 trillion, representing a year-on-year increase of 18.1%. Among which, the value of newly-signed contracts for the year was RMB10.71 trillion, representing a year-on-year increase of 21.89%.

Power industry. In the first half of 2017, the national power consumption reached 2.95 trillion KWh, representing a year-on-year growth of 6.3% and a year-on-year increase of 3.6 percentage points in growth rate, which was the highest level of growth over the same period since 2012. In the first half of 2017, the national power industry kept growing. The power grid and power generation projects completed an investment of RMB344.4 billion, representing a year-on-year growth of 1.6%. Among which, the national power grid projects completed an investment of RMB239.8 billion, representing a year-on-year growth of 10%. The power generation projects of nationwide major power enterprises completed an investment of RMB104.6 billion, representing a year-on-year decrease of 13.5%. Among which, the hydropower investment reached RMB21.4 billion, representing a year-on-year decrease of 5.5%; the fossil-fuel investment reached RMB31.3 billion, representing a year-on-year decrease of 17.4%; the nuclear power investment reached RMB18.3 billion, representing a year-on-year decrease of 16%; the wind power investment reached RMB20.6 billion, representing a year-on-year decrease of 15.6%.

Fixed asset investment. In the first half of 2017, the investment in fixed assets in China (excluding rural households) amounted to RMB28.1 trillion, representing a year-on-year growth of 8.6%. Infrastructure investment swayed at high level. In the first half of 2017, infrastructure investment (excluding power, thermal power, gas and water production and supply) reached RMB590 million, representing a year-on-year growth of 21.1%. Among which, water conservancy management investment increased by 17.5%, public facility management investment increased by 25.4%, road transport investment increased by 23.2% and railway transport investment increased by 1.9%.

Foreign contracting. In the first half of 2017, the turnover of China's overseas contracting projects business reached USD67.28 billion, representing a year-on-year growth of 1.9%. The value of newly signed contracts reached USD123.78 billion, representing a year-on-year growth of 24.2%. The newly signed contracts mainly focused on the industries of transportation, construction and power engineering, accounting for 25.3%, 25.3% and 18.8% respectively. The value of newly signed contracts for overseas contracting projects in countries along the "One Belt and One Road" reached USD71.42 billion, accounting for 57.7% of the total turnover for the same period, with a year-on-year increase of 6.1 percentage points; the turnover reached USD33.07 billion, accounting for 49.2% of the total turnover for the same period, with a year-on-year increase of 2.7 percentage points.

Cement industry. In the first half of 2017, the total cement production in China amounted to 1.11 billion tonnes, representing a year-on-year growth of 0.4%. The average price of cement in the market is currently on the upward trend. The accumulated profit of the domestic cement industry reached RMB33.4 billion.

Civil explosives industry. Despite the removal of restrictions on the prices of civil explosives products and the diversification of sales channels, civil explosives industry is still a core industry subject to state's control, thus having relatively higher entry barriers. Civil explosives industry currently suffers from an excess capacity. Overseas markets and field in military machinery have become the direction of business expansion. The continual development of integrated service model as well as industrial reorganization and integration has promoted the continual concentration of civil explosives industry. The gross enterprise product of manufacturing enterprises which rank top 15 has accounted for more than 50% of the gross product among the entire industry. The Civil Explosives Industry Development Plan (2016-2020) proposed to further improve the industrial concentration, and optimize the product structure.

Real estate industry. In the first half of 2017, the domestic investment for real estate development amounted to RMB5.06 trillion, representing a year-on-year notional growth of 8.5%. The amount of national investment in property development, construction and completion, the total gross floor area of commodity properties, sales of commodity properties, average selling price, the capital available for real estate development enterprises and other indicators for real estate industry continued to go up, and real estate market developed steadily.

Note: Based on the latest statistics of National Bureau of Statistics unless source is indicated.

Business Review

The Company is one of the largest comprehensive solutions providers for the power industry in China and in the globe, mainly engaged in survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and other businesses.

In the first half of 2017, China vigorously implemented the supply-side structural reform and "cutting excessive industrial capacity, de-stocking, de-leveraging, lowering corporate costs and improving weak links", and thoroughly advanced the innovation driven development strategy. Endogenous momentum for economic growth continued to be released, and domestic economy maintained the development trend of overall stability and seeking for further improvement. The Company effectively responded to the complex economic situation both at home and abroad and fierce market competition, and actively seized new opportunities with a wide recognition among all countries gained from the deep adjustment of domestic power and energy structure and the "One Belt and One Road" initiative. With focus on speeding up transformation and improving quality and enhancing efficiency, the Company explored the domestic and overseas markets with full efforts, and carried out various work. Accordingly, production and business grew steadily, business transformation proceeded steadily, and basic management improved steadily, and thus deepened the improvement of quality and enhancement of efficiency steadily. In the first half of 2017, the main operational indicators of the Company maintain a momentum of "steady progress and overall growth".

In the first half of 2017, the Company recognized RMB251.326 billion as to the value of newly-signed contracts, representing a year-on-year increase of 7.38%. Among which, the value of domestic newly-signed contracts amounted to RMB170.980 billion, accounting for 68.03% and representing a year-on-year increase of 4.30%; the value of international newly-signed contracts amounted to RMB80.346 billion, accounting for 31.97% and representing a year-on-year increase of 14.59%.

As of 30 June 2017, the outstanding contract value of the Company was RMB1,000.313 billion, representing an increase of 10.90% as compared to that of the end of 2016.

Survey, Design and Consultancy Business

In the first half of 2017, the value of newly signed contracts of survey, design and consultancy business amounted to RMB6.519 billion, accounting for 2.59%, representing a year-on-year decrease of 8.38%. Among which, the value of newly-signed contracts of the hydropower, new energy, power transformation and transmission were RMB413 million, RMB542 million, RMB3.428 billion, representing a year-on-year increase of 368.12%, 47.92% and 10.23% respectively. The value of newly signed contracts of the fossil-fuel power, nuclear power, non-power and other businesses were RMB1.674 billion, RMB75 million, RMB386 million, representing a year-on-year decrease of 13.28%, 67.83% and 72.14% respectively.

Guided by the planning, underpinned by technical support, and led by science and technology, the Company maintained its advantages and leading position in terms of large-capacity USC units and ultra high (extra high) voltage alternating and direct current transmission, and its survey, design and consultancy business grew steadily. Among which, affected by the domestic regulatory policies on coal-fired power, the value of newly signed contracts of the fossil-fuel power business decreased on a year-on-year basis, but the value of newly signed international contracts of the fossil-fuel power business maintained a high speed growth; benefited from the continued strengthening domestic investments on power grids, especially from the construction of integration and interconnection of UHV and power grids, the value of newly signed contracts of power transmission and transformation business improved steadily. The scales of the hydropower, new energy, nuclear power were relatively small, and the occurrence of occasional fluctuations was normal.

As of 30 June 2017, the outstanding contract value of survey, design and consulting services business was RMB24.841 billion, representing an increase of 5.61% as compared to that of the end of 2016.

Construction and Contracting Business

In the first half of 2017, the value of newly signed contracts of construction and contracting business amounted to RMB238.472 billion, accounting for 94.89%, representing a year-on-year increase of 8.00%. Among which, the value of newly-signed contracts of the fossil-fuel power and hydropower were RMB73.428 billion and RMB24.895 billion respectively, representing a year-on-year decrease of 1.25% and 21.47% respectively. The value of newly sighed contracts of the nuclear power, new energy, power transmission and transformation, non-power and other businesses were RMB3.070 billion, RMB35.649 billion, RMB9.506 billion, RMB91.923 billion respectively, representing a year-on-year increase of 244.61%, 4.50%, 3.93% and 30.20% respectively.

In the first half of 2017, the Company paid close attention to the new domestic and international trends of power and energy development, optimized the market operation strategies, and actively seized the increasing demand for electrical upgrade and non-power engineering market. In addition, the Company catered for strategic opportunities of "One Belt and One Road", international capacity cooperation, and integration and interconnection of the surrounding infrastructure, and deepened and specialized in developing key country markets, so that the value of the newly signed contracts of infrastructure construction business maintained a relatively rapid growth. Affected by the adjustment of domestic power structure, the value of the newly signed contracts of fossil-fuel power and hydropower decreased on a year-on-year basis. With the continued optimization of domestic power structure, renewable energy and distributed energy vigorously developed. The investments in power grids grew steadily, and value of the newly signed contracts of new energy, power transmission and transformation maintained a growth momentum. The Company actively participated in the construction of nuclear power projects at home and abroad, and the value of newly signed contracts of the nuclear power business grew rapidly.

The Company sped up the business transformation, strengthen multi-field and multi-level strategic cooperation, with focus on the docking of Xiong'an New Area, China; established the south infrastructure investment platform to drive the enterprises in the region as a whole to speed up the business transformation. The Company also increased headquarters direct operation on high-end and large-scale projects, strengthened the integration of internal and external resources, and cultivated and reserved a number of major domestic new business model projects and investment to promote international projects. In the domestic market, the Company actively took a new business model to participate in the construction of municipal administration, transportation, ecological environment and urban infrastructure and other fields, optimized the operation model of PPP projects, and strengthened the risk control of projects, and the amount of newly signed contracts maintained a rapid growth. In the first half of 2017, the market share of the Company was consolidated in the countries targeted by "One Belt and One Road" initiative, the contract amount accounted for 48.54% of the value of international newly-signed contracts.

As of 30 June 2017, the outstanding contract value of construction and contracting business was RMB964.318 billion, representing an increase of 11.03% as compared to that of the end of 2016.

Equipment Manufacturing Business

In the first half of 2017, the new contract amount of the equipment manufacturing business was RMB6.336 billion, accounting for 2.52% and representing a year-on-year increase of 3.65%. The Company strengthened the expansion of the markets and overcame the impacts caused by the stringent regulation policies on coal-fired power in the PRC to speed up the transformation of industry and product structure, and actively pushed forward the innovation of sales model, whilst exploring the business of complete equipment supply. The market share of line materials and other advantageous areas continued to increase, and the new contract value achieved a growth on a year-on-year basis.

As of 30 June 2017, the outstanding contract value of the equipment manufacturing business was RMB11.154 billion, representing an increase of 11.74% as compared to that of the end of 2016.

Civil Explosive and Cement Production Business

In the first half of 2017, the Company's civil explosive and cement production business vigorously promoted technological progress and the innovative cooperation model, and actively expanded new room for development, with operating results maintaining at a market-leading level and a sustained and healthy growth momentum. Civil explosive business adhered to the integrated development mode of engineering explosive service and packaging products sales, and the output of civil explosive products achieved a rapid growth on a year-on-year basis, and the market share increased steadily. Through the investment in mergers and acquisitions businesses to promote the development of emerging markets, the innovation of business model achieved breakthroughs in such emerging businesses as gravel aggregate operations and PPP professional contracting. Overseas businesses in Liberia and Pakistan developed rapidly, and the transformation and upgrading of civil explosive business produced remarkable results. Cement production business effectively improved cost control capability, enhanced efforts in market development to optimize the marketing network, extend the industrial chain, and promoted international business. The layout of such emerging businesses as the collaborative treatment of solid waste and road materials by concrete, gravel, aggregates and cement kilns achieved good results, with comprehensive strength and influence power further enhanced.

Investment and Other Businesses

In the first half of 2017, the investment and other businesses of the Company grew rapidly, and with the focus on investment on principal businesses, the Company stepped up investments on such areas as electricity, environmental protection and water supply and urban infrastructure. The role of the development of principal businesses driven by investments was further enhanced.

Real estate business of the Company responded actively to the impacts brought by national regulations, strengthened risk control, and innovated the model of investment and development. With its foothold in first-tier cities, the Company acquired high quality land parcels in first-tier cities including Hangzhou and Hefei. Meanwhile, insisting on improving quality and efficiency, the Company developed high-end real estate brand. In particular, Shanghai Zijun Mansion (上海紫郡公館) has been certified as a national "Three-star Green Building Label", and was pre-verified by German DGNB as Silver Level. In the first half of 2017, the newly commenced gross floor area increased by 357.27% on a year-on-year basis, while the sales area decreased by 11.00% on a year-on-year. Environmental protection and water supply business expanded business layout, established a sound deep processing system of renewable resources, and constantly promoted the development of business advantages and market development. With the strong support of the national industrial policy, all operating indicators grew rapidly. Affected by such factors as the number of hours of grid-connected power generation and downward adjustments on on-grid tariffs, the sales of electricity decreased slightly. As the national policy for the people's benefit stimulated traffic flow to grow fast, revenue kept growing on a year-on-year basis.

Consolidated Operating Results

Revenue

For the six months ended 30 June 2017, the revenue amounted to RMB106,047.5 million, representing an increase of 15.12% as compared to RMB92,115.2 million for the corresponding period of 2016. The increase in revenue was mainly due to the increase in the business volume of the construction and contracting segment, the subsequent commencement of PPP projects as well as the rapid growth of the environment protection sector under the investment segment.

Cost of Sales and Gross Profit

For the six months ended 30 June 2017, the cost of sales amounted to RMB94,308.2 million, representing an increase of 15.24% as compared to RMB81,838.3 million for the corresponding period of 2016. The increase in the cost of sales was basically in line with that in the revenue.

For the six months ended 30 June 2017, the gross profit amounted to RMB11,739.2 million, representing an increase of 14.23% as compared to RMB10,277.0 million for the corresponding period of 2016. The increase in gross profit was mainly due to an increase in the revenue.

Selling Expenses

For the six months ended 30 June 2017, the selling expenses amounted to RMB945.7 million, representing an increase of 20.50% as compared to RMB784.8 million for the corresponding period of 2016. The increase in selling expenses was mainly due to an increase in the transportation expenses in line with the development of environmental protection and water supply business.

Administrative Expenses

For the six months ended 30 June 2017, the administrative expenses amounted to RMB4,686.2 million, representing an increase of 1.88% as compared to RMB4,599.5 million for the corresponding period of 2016, which remained stable on a year-on-year basis.

Finance Expense

For the six months ended 30 June 2017, the finance expenses amounted to RMB1,358.0 million, in line with the corresponding period of 2016.

Operating Results by Segments

Industry segments	Conditions of industry segments of principal businesses (For the six months ended 30 June)								
	2017			2016			Increase or decrease as compared with last year (%)/ percentage points		
	Revenue	**Cost of sales**	**Gross profit margin**	Revenue	Cost of sales	Gross profit margin	Revenue	Cost of sales	Gross profit margin
	(RMB in million)		*(%)*	*(RMB in million)*		*(%)*			
Survey, design and consultancy	**5,826.7**	**3,277.9**	**43.74**	5,901.1	3,454.1	41.47	-1.26	-5.10	2.27
Construction and contracting	**76,181.5**	**70,557.9**	**7.38**	68,191.9	63,572.6	6.77	11.72	10.99	0.61
Equipment manufacturing	**4,006.6**	**3,410.2**	**14.89**	4,206.8	3,553.1	15.54	-4.76	-4.02	-0.65
Civil explosives and cement production	**4,528.8**	**3,282.0**	**27.53**	4,036.7	3,097.1	23.28	12.19	5.97	4.25
Investment and other businesses	**20,094.8**	**18,213.2**	**9.36**	13,029.0	10,952.9	15.93	54.23	66.29	-6.57
Inter-segment elimination(1)	**(4,590.8)**	**(4,433.2)**	**–**	(3,250.3)	(3,141.9)	–	–	–	–
Unallocated items(2)	**–**	**0.2**	**–**	–	350.4	–	–	–	–
Total	**106,047.5**	**94,308.2**	**11.07**	92,115.2	81,838.3	11.16	15.12	15.24	-0.09

Notes:

(1) Inter-segment elimination mainly represents the provision of goods or services between business segments.

(2) Unallocated items mainly represent provisions for impairment of inventories and certain business tax and surcharges, which could not be attributed to any business segment.

Survey, Design and Consultancy Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of survey, design and consultancy business amounted to RMB5,826.7 million, representing a decrease of RMB74.4 million, or 1.26% as compared to RMB5,901.1 million for the corresponding period of 2016, mainly due to a decrease in the business volume of fossil-fuel engineering of China Power Engineering Consulting Group Co., Ltd as affected by the regulation policies on the coal-fired power in the PRC.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of survey, design and consultancy business amounted to RMB3,277.9 million, representing a decrease of RMB176.2 million or 5.10% as compared to RMB3,454.1 million for the corresponding period of 2016. The decrease in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of survey, design and consultancy business amounted to RMB2,548.8 million, representing an increase of RMB101.8 million or 4.16% as compared to RMB2,447.0 million for the corresponding period of 2016. The gross profit margin was 43.74%, representing a slight year-on-year increase, mainly due to an increase in the proportion of power transformation and transmission business with a higher gross profit margin.

Construction and Contracting Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of construction and contracting business amounted to RMB76,181.5 million, representing an increase of RMB7,989.6 million or 11.72% as compared to RMB68,191.9 million for the corresponding period of 2016, mainly due to an increase in the business volume of new energy and power transformation and transmission segments, as well as the subsequent commencement of PPP projects in the PRC.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of construction and contracting business amounted to RMB70,557.9 million, representing an increase of RMB6,985.3 million or 10.99% as compared to RMB63,572.6 million for the corresponding period of 2016. The increase in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of construction and contracting business amounted to RMB5,623.6 million, representing an increase of RMB1,004.3 million or 21.74% as compared to RMB4,619.3 million for the corresponding period of 2016. The gross profit margin was 7.38%, which remained stable on a year-on-year basis.

Equipment Manufacturing Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of equipment manufacturing business amounted to RMB4,006.6 million, representing a decrease of RMB200.2 million or 4.76% as compared to RMB4,206.8 million for the corresponding period of 2016, mainly due to a decrease in the sales of equipment in various sectors in electricity industry as affected by the regulation policies on coal-fired power in the PRC.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of equipment manufacturing business amounted to RMB3,410.2 million, representing a decrease of RMB142.9 million or 4.02% as compared to RMB3,553.1 million for the corresponding period of 2016. The decrease in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of equipment manufacturing business amounted to RMB596.4 million, representing a decrease of RMB57.3 million or 8.77% as compared to RMB653.7 million for the corresponding period of 2016. The gross profit margin was 14.89%, which remained stable on a year-on-year basis.

Civil Explosive and Cement Production Business

For the six months ended 30 June 2017, revenue before inter-segment elimination of civil explosive and cement production business amounted to RMB4,528.8 million, representing an increase of RMB492.1 million or 12.19% as compared to RMB4,036.7 million for the corresponding period of 2016, mainly due to the rising selling prices of cement and the increase in its sales.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of civil explosive and cement production business amounted to RMB3,282.0 million, representing an increase of RMB184.9 million or 5.97% as compared to RMB3,097.1 million for the corresponding period of 2016. The increase in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of civil explosive and cement production business amounted to RMB1,246.8 million, representing an increase of RMB307.2 million or 32.69% as compared to RMB939.6 million for the corresponding period of 2016. The gross profit margin was 27.53%, which was higher than the 23.28% for the corresponding period of 2016, mainly due to the increase in the selling prices of cement products on a year-on-year basis.

Investment and Other Businesses

For the six months ended 30 June 2017, revenue before inter-segment elimination of investment and other businesses amounted to RMB20,094.8 million, representing an increase of RMB7,065.8 million or 54.23% as compared to RMB13,029.0 million for the corresponding period of 2016, mainly due to a significant increase in the revenue for the period from the environmental protection and water supply business and real estate business.

For the six months ended 30 June 2017, cost of sales before inter-segment elimination of investment and other businesses amounted to RMB18,213.2 million, representing an increase of RMB7,260.3 million or 66.29% as compared to RMB10,952.9 million for the corresponding period of 2016. The increase in the cost of sales was in line with that in the revenue.

For the six months ended 30 June 2017, gross profit before inter-segment elimination of investment and other businesses amounted to RMB1,881.6 million, representing a decrease of RMB194.5 million or 9.37% as compared to RMB2,076.1 million for the corresponding period of 2016. The gross profit margin was 9.36%, which was lower than the 15.93% for the corresponding period of 2016, mainly due to the increase in the proportion of revenue from the environmental protection business with a lower gross profit margin in the total revenue of this segment.

Cash Flow

	For the six months ended 30 June	
	2017	2016
	(RMB in million)	*(RMB in million)*
Net cash used in operating activities	**(7,313.6)**	(11,034.0)
Net cash used in investing activities	**(1,742.9)**	(5,228.5)
Net cash generated from financing activities	**2,929.4**	900.1
Net decrease in cash and cash equivalents	**(6,127.1)**	(15,362.4)
Cash and cash equivalents at the beginning of the period	**46,774.1**	47,237.0
Exchange losses of cash and cash equivalents	**77.1**	71.8
Cash and cash equivalents at the end of the period	**40,724.1**	31,946.4

Cash Flow Used in Operating Activities

For the six months ended 30 June 2017, the net cash used in operating activities amounted to RMB7,313.6 million, mainly including: (i) the increase by RMB3,433.5 million in items including prepayments, trade and bills receivables, mainly due to the centralized capital settlement of large engineering projects at the end of the year in general; (ii) the increase by RMB8,930.1 million in the amounts due from customers for construction contracts, mainly due to a large number of projects commencing construction during the period. These cash outflows were partially offset by the increase in the trade and bills payable.

Cash Flow Used in Investing Activities

For the six months ended 30 June 2017, the net cash used in investing activities amounted to RMB1,742.9 million, representing a decrease of RMB3,485.6 million or 66.67% as compared to the corresponding period of 2016. The cash flows of investing activities for the period primarily included: (i) the payment of RMB1,722.3 million in cash for the purchase of property, plant and equipment; (ii) the capital injection of RMB732.0 million in the joint ventures and associates. These cash outflows were partially offset by the collection of RMB629.5 million of other loans receivable.

Cash Flow Generated from Financing Activities

For the six months ended 30 June 2017, the net cash generated from financing activities amounted to RMB2,929.4 million, representing an increase of RMB2,029.3 million or 225.45% as compared to the corresponding period of 2016. The cash flows of financing activities for the period primarily included: (i) the proceeds from the issuance of bonds amounting to RMB1,450.0 million; (ii) the additional bank borrowings of RMB8,524.9 million; (iii) the borrowings from related parties of RMB1,999.8 million. These cash inflows were partially offset by the repayment of bank borrowings of RMB6,684.5 million and the payment of interests on borrowings amounting to RMB1,258.2 million.

Capital Expenditures

In the past, the Company incurred capital expenditures primarily for expenditures on property, plant and equipment, as well as intangible assets (such as concession rights of toll roads). The following table sets forth the components of capital expenditures of the Company for the periods indicated:

	For the six months ended 30 June	
	2017	2016
	(RMB in million)	*(RMB in million)*
Property, plant and equipment	**1,461.1**	2,078.3
Prepaid land lease payment	**171.0**	77.9
Intangible assets	**1,007.0**	56.6
Total	**2,639.1**	**2,212.8**

Indebtedness

As at 30 June 2017, the Company's total liabilities and total assets amounted to RMB234,556.2 million and RMB313,241.8 million, respectively, with a debt to asset ratio of 74.88% which grew by 0.16 percentage point from 74.72% from 31 December 2016. The Company's total indebtedness amounted to RMB81,829.2 million. The following table sets forth the details of bank borrowings, other borrowings, corporate bonds and finance lease payables of the Company as at the dates indicated:

	As at 30 June 2017 ***(RMB in million)***	As at 31 December 2016 *(RMB in million)*
Long-term		
Bank borrowings		
Unsecured	**14,522.1**	18,090.8
Secured	**8,527.3**	8,526.2
Other borrowings		
Secured	**1,421.3**	1,421.3
Corporate bonds(1)	**15,288.6**	16,229.3
Finance lease payables(2)	**–**	0.5
Sub-total	**39,759.3**	44,268.1
Short-term		
Bank borrowings		
Unsecured	**20,526.4**	15,928.8
Secured	**3,457.7**	1,833.2
Other borrowings		
Unsecured	**6,328.0**	5,293.9
Secured	**24.6**	44.1
Corporate bonds(1)	**11,443.7**	10,692.2
Finance lease payables(2)	**289.5**	300.0
Sub-total	**42,069.9**	34,092.2
Total	**81,829.2**	**78,360.3**

Notes:

(1) The corporate bonds are unsecured medium-term notes, corporate bonds and assets securitization products.

(2) The Company lease certain buildings and machinery for construction operations.

As at 30 June 2017 and 31 December 2016, bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out as below:

	As at 30 June 2017 **(*RMB in million*)**	As at 31 December 2016 (*RMB in million*)
USD	**2,081.2**	2,355.2
Japanese Yen	**128.8**	127.8
Total	**2,210.0**	**2,483.0**

The following table sets forth the guaranteed portion of bank borrowings and other borrowings of the Company as at the dates indicated:

	As at 30 June 2017 **(*RMB in million*)**	As at 31 December 2016 (*RMB in million*)
Guaranteed by third parties	**128.8**	127.8

The following table sets forth the maturity profile of indebtedness of the Company as at the dates indicated:

	As at 30 June 2017 **(*RMB in million*)**	As at 31 December 2016 (*RMB in million*)
Repayable within 1 year	**32,069.9**	34,092.2
Repayable after 1 year but within 2 years	**7,987.7**	11,279.3
Repayable after 2 years but within 3 years	**6,197.7**	4,445.7
Repayable after 3 years but within 4 years	**15,739.0**	2,410.2
Repayable after 4 years but within 5 years	**3,900.0**	14,119.1
Repayable after 5 years	**15,934.9**	12,013.8
Total	**81,829.2**	**78,360.3**

The following table sets forth the effective interest rate ranges of bank borrowings, other borrowings, corporate bonds and finance lease payables of the Company as at the dates indicated:

	As at 30 June 2017 *(%)*	As at 31 December 2016 *(%)*
Bank borrowings	**1.05-9.60**	1.05-9.60
Other borrowings	**4.66-8.00**	4.20-8.00
Corporate bonds	**3.14-5.37**	3.14-5.37
Finance lease payables	**5.15-8.00**	5.15-8.00

The following table sets forth the fixed and floating interest rate of bank and other borrowings of the Company as at the dates indicated:

	As at 30 June 2017		As at 31 December 2016	
	(RMB in million)	***(%)***	*(RMB in million)*	*(%)*
Fixed interest rate bank and other borrowings	**23,450.0**	**1.05-6.72**	23,677.8	1.05-9.60
Floating interest rate bank and other borrowings	**31,357.3**	**1.20-9.60**	27,460.5	1.20-8.84
Total	**54,807.3**		51,138.3	

Bank borrowings of the Company primarily arised from working capital and fixed asset investment. Indebtedness of the Company increased by RMB3,468.9 million during the period from 1 January 2017 to 30 June 2017, mainly due to the fulfillment of working capital needs and the purchase and construction of long-term assets.

The Company did not have any material defaults in payment of bank borrowings or breaches of other debt financing obligations or breaches of any restrictive terms, nor subject to any material restrictive terms in the borrowings. In addition, as at 30 June 2017, the Company had RMB30.0 billion of authorized but unissued debt securities, and RMB310,858.0 million of unutilized and unrestricted bank facilities.

Pledge of Assets and Contingent Liabilities

Pledge of Assets

As at 30 June 2017, the Company's assets with the following carrying amounts have been pledged to secure general banking facilities (including bank borrowings, bills payable and letter of credit):

	As at 30 June 2017 *(RMB in million)*	As at 31 December 2016 *(RMB in million)*
Property, plant and equipment	**938.9**	975.1
Prepaid lease payments	**367.9**	347.0
Intangible assets	**7,666.5**	7,721.3
Trade receivables	**388.8**	459.8
Properties under development	**11,273.2**	9,418.9
Completed properties for sale	**38.5**	19.7
Bank deposits	**2,583.4**	2,698.6
Investment property	**69.3**	66.7
Total	**23,326.4**	**21,707.1**

Contingent Liabilities

The Company was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Company on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice.

The following contingent liabilities arise from guarantees given to banks and non-financial institutions in respect of certain loan facilities, as well as mortgage loan guarantees provided to banks in favor of the customers of the Company:

	As at 30 June 2017 *(RMB in million)*	As at 31 December 2016 *(RMB in million)*
Guarantees given to banks and non-financial institutions in respect of loan facilities granted to:		
Associates	**3,961.7**	3,701.5
Investee recognized as available-for-sale financial asset	**75.0**	75.0
Joint ventures	**1,050.5**	1,068.2
	5,087.2	4,844.7
Mortgage loan guarantees provided by the Company to banks in favor of its customers	**1,295.6**	1,244.4
Total	**6,382.8**	6,089.1

The Company had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Company's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Company is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Company is then entitled to take over the legal title of the related properties. The guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the buyer obtained the individual property ownership certificate. The fair values of these financial guarantee contracts of the Company are insignificant at initial recognition, and the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realizable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in these financial information for these guarantees.

Gearing Ratio

As at 30 June 2017, the gearing ratio of the Company is 104.0%, representing a decline of 1.9 percentage points as compared to 105.9% recorded as at 31 December 2016. Gearing ratio represents interest-bearing debts divided by total equity at the end of the period.

Risk

Business Risk

Industrial Prospect Risk

Impacted by the declined demand for domestic power, the room for coal power development has shrunk and demand for coal power market has reduced. The Company will optimise its marketing and business, actively explore the international business strategic measures, firmly seize the new market opportunities and strive to expand new energy, clean energy and non-power markets. Meanwhile, it will make continuous effort to push forward the business transformation and upgrade so as to facilitate the sustainable and healthy development of the Company.

Competition Risk

The phenomena of the excess capacity and the disparity of demand and supply of market in construction industry have become increasingly prominent. The market competition is still fierce and complex under the impact of the industrial prospect and the macro-economy. The Company will further strengthen the control and management of the headquarters and the high-end operation while optimising resources allocation by measures including leveraging the Group's brand advantages and enhancing the coordination of the industry chain, with an aim to enhance its comprehensive competitiveness.

Cash Flow Risk

Subject to various factors such as receivables, inventory and cost management, some enterprises are still exposed to the risk of shortage of cash flow, which may lead to the risk of capital chain ruptures. The Company will continue to strengthen the dynamic regulations on receivables and inventories and reduce the proportion of occupied funds to improve the assets quality and operating efficiency. Also, it will strengthen centralized fund management and improve the scale and efficiency of internal fund facilities. Further, with strict cost control, the Company will strengthen the intensive management with a view to improving its profitability.

International Operation Risk

The international operation confronts the legal risk, regulatory risk, political risk, safety risk, tax risk, exchange rate risk and business risk relating to a specific project. Actively grasping various opportunities brought by China's "One Belt and One Road" strategic deployment, the Company will optimise the business layout of the international market and unleash the business advantage of the Group's whole industry chain with a focus on the full-life-cycle management of international projects. Moreover, the Company will maintain the healthy development of its international business and achieve the goals of international operation through the measures including strengthening the market operation, business management, performance of contractual obligation management and contingency management.

Construction Project Management Risk

Certain projects experience inadequate resources allocation, unstandardized subcontracting management, and weak management during the construction, resulting in the existence of performance risk in certain projects. With contract management as its main line, the Company will further strengthen the construction of project management system. Meanwhile, through the measures including check on projects, special inspections and management coordination, the Company will strengthen the process management of projects under construction and enhance the standardized project management to uplift project performance and profitability.

Health, Safety, Quality and Environmental Risk

The difficulty of health, safety, quality and environment management increases subject to the rapid growth of operation scale and the significant increase in contracting (subcontracting) teams of the Company, therefore the risks of safety and quality accidents and environmental incidents exist. The Company will further refine relevant systems, optimise the project inspection mechanism, strengthen training and education, and consolidate the work on fundamental project management. Meanwhile, the Company will earnestly implement the health, safety, quality and environmental accountability system, carry out the assessment of potential safety hazards in a stable manner and take in-depth accountability while adopting serious measures on accident reporting, investigation and settlement to control to prevent risks in an all-round way.

Exchange Rate Fluctuation Risk

Most businesses of the Company are operated in China, thus the functional currency applied in the financial statements of the Company is RMB. The Company plans to continue to expand the overseas business, and it is expected that, as a result the incomes and expenses dominated in foreign currencies will increase significantly. The exchange rate fluctuation may have influences on the service pricing and the cost of procurement of materials and equipment by foreign exchange of the Company and therefore influence the financial position and operating performance of the Company. The Company will carry out risk controls by means of contracts and financial instruments, make reasonable commerce arrangements and select suitable foreign currency and exchange rate for settlement or payment so as to prevent exchange rate fluctuation risk.

Number of Employees and Training Program

As at 30 June 2017, the Company has a total of 129,824 employees, including 33,809 managers, 41,767 professional technicians, and 39,341 technical operating personnel.

The Company has 10,537 talents with various national registered qualifications. Also, the Company has a batch of top talents of China, including 29 experts who enjoy the PRC governmental special subsidies, 8 national exploration and design masters, 2 national nuclear industry engineering exploration and design masters, 4 experts of the “Millions of Talents of the New Century” project, 3 national young and middle-aged experts with outstanding contribution, and 21 national technical experts.

The Company attaches high importance to the education and training of the employees. The Company increased the input of the education and training expenditure and enhanced the employees' quality and professional skills continuously. The Company planned to train 257,400 employees in the first half of 2017 and actually trained 275,600 employees, including on-the-job training for 187,000 employees, continuing education training for 23,200 employees, and other training for 65,400 employees.

Remuneration and Equity-incentive Policy

Adhering to the efficiency-oriented principle, the Company has set up a sound system for determining the total salary and wage and mechanism system for the normal growth of staff salary, whereby corporate efficiency varies with the salary and wage in the same direction. The Company has implemented the employees' basic salary system based on the performance of positions as the main remuneration policy, in which the salary and wage of employees are closely aligned with the respective position and actual contribution of individual employee according to the "position-based and performance-linked" policy. Highlighting performance and contribution, the Company has thus established a scientific and reasonable, open and fair, standard and disciplined remuneration management system.

Pursuant to the requirement of the relevant policy of the State-owned Assets Supervision and Administration Commission (the "**SASAC**") under the State Council, the Company determines the remuneration of the directors based on the remuneration standard of the listed state-owned peers in the industry, the remuneration of the chairman of the Board based on the remuneration standard stipulated by the SASAC under the State Council, the remuneration of the executive directors who are also senior management based on the results of their performance appraisal and the relevant regulatory requirements on remuneration.

In order to further optimise the corporate governance structure, to develop and constantly improve the interests balance mechanism among the shareholders, the operational and executive team, to closely align the interests and benefits of and risks sharing among the shareholders, the Company and the employees, to maximize the proactiveness of the senior management and key employees and to support the realization of the Company's strategy and sustainable development, the Company formulated the "Restricted Share Incentive Scheme of China Energy Engineering Corporation Limited" (《中國能源建設股份有限公司限制性股票激勵計劃》). Upon consideration at the tenth meeting of the first session of the Board of the Company, the scheme was submitted to the SASAC for review and approval, and was considered and passed at the first extraordinary general meeting of the Company for the year 2016.

On this basis, the Company formulated the "Initial Grant for the Restricted Share Incentive Scheme of China Energy Engineering Corporation Limited" (《中國能源建設股份有限公司限制性股票激勵計劃首次授予方案》), which was implemented upon consideration at the twelfth meeting of the first session of the Board of the Company. The scheme participants shall include the Directors, senior management and core technical and management personnel who directly influence the overall business performance and sustainable development of the Company. The SASAC requires the head of the central government enterprise not to participate in equity incentive plans, and please refer to the extraordinary general meeting notice published on 6 October 2016 for details.

Save for the above-mentioned Restricted Share Incentive Scheme, the Company did not implement any share option scheme as at 30 June 2017.

Plans for Significant Investment or Purchase of Capital Asset in Future of the Company

In accordance with the "Investment Business Planning of China Energy Engineering Corporation Limited (2016-2018)" (《中國能源建設股份有限公司投資業務規劃(2016-2018年)》) and the spirits concluded from the meeting of the Company on investment efforts in 2016, the Company's future major investments mainly encompass the following four areas: firstly, to increase the investment for enhancing the market competitiveness of the principal businesses so as to fully demonstrate its key role towards the completion of engineering contracting projects, implement in-depth exploration of the engineering construction and contracting market and secure the steady development of the principal businesses by flexibly adopting the investment and financing models, such as PPP and BOT; secondly, to expand the investment in the emerging businesses by further investing in merger and acquisition of emerging businesses, such as environmental protection, water supply and new energy; thirdly, to accelerate overseas investment, following the successive launches and implementation of strategic plans, such as the national "One Belt and One Road" initiative and international collaboration in terms of production capacity, in order to enhance the competitiveness and brand influence of the Company in the international market, the Company has to accelerate overseas investment; fourthly, to vigorously develop the supporting investment for business transformation and proactively pave way for merger and acquisition or reorganization of design entities from the business spectrum including hydropower, municipal administration, environmental protection, road and railway transportation, to foster the development of business transformation of the Company.

Outlook

In 2017, facing the continuous challenge of a long-term downward cycle, Chinese economy will slow down its development pace while emphasizing quality and structure optimization and conversion of dynamic energy. The tie-in effects between demand-side stimulating policies and supply-side structural reform will be further elaborated. Various regions or economic units actively participate in the "One Belt and One Road" initiative. Synergetic development of Beijing-Tianjin-Hebei is smoothly underway while Yangtze River Economic Belt accelerates its pace of development by virtue of optimising the layout of coastal-focused and railway-focused economic belts. Moreover, China is expected to further enhance its "comparative advantages" globally and continue its economic trend of steady slowdown amidst stability and even improvement, with an expected Gross Domestic Product growth rate of approximately 6.7% in 2017.

Outlook of Construction Industry

In 2017, the constructing enterprise operation will be affected against the backdrop of the economic downward pressure overall. With the gradual implementation of "One Belt and One Road" initiative, we see more potential international construction projects. PPP mode will further attract investment. In particular, hydraulic work, transportation and urban infrastructures will become the focused areas of infrastructure investments. Emerging concepts and modes such as green construction, construction industrialization and "Internet+" will help promote the upgrade of the construction industry. Since 2016, the Chinese Government has implemented a series of policies and measures to regulate and improve the operating environment of the construction industry, namely curbing tax obligation by introducing "Conversion from Income Tax to Value-added Tax", withdrawal of geographical restrictions, stringent investigation on unreasonable deposits. Positive results of these policies have gradually been apparent, which favor a more standardized and transparent operating environment for the construction industry. Overall, the construction industry will maintain its growth generally in 2017.

Outlook of Power Industry

Forecast on National Electricity Consumption

Due to the slowdown of economic growth, accelerated structural adjustment and shift of development momentum, significant changes were resulted in the Chinese power consumption features in these two years since the implementation of "12th Five-Year Plan". Meanwhile, the national power demand growth rate has slowed down from high to medium speed growth, with a declined power consumption growth rate from 12.0% in 2011 to 0.5% in 2015. Following the economic transformation, the growth rate of national power consumption rebound in 2016 while the accumulated power consumption of China accounted for a year-on-year growth rate of 5.0%. According to the forecast made by national authority institution, the national power consumption will reach approximately 6.8 to 7.2 trillion KWh by 2020 with an annual average growth rate of 3.6 to 4.8% during the "13th Five-Year Plan" period.

Forecast on Nation-wide Power Construction in 2017

According to the national electric power planning and macro-control policies, coal-fired power capacity should be eliminated, stopped, or retarded by more than 50 million KW in 2017 in order to prevent the risk of overcapacity of coal energy, optimise the energy, structure, thereby maximize the room for development of clean energy. In 2017, the power construction market in China maintained stable as a whole with continual optimisation in structure. The power grid market generally remained stable. The newly-added coal-fired power projects declined sharply and the new energy power projects and the ultra-low emissions of coal-fired power plants and energy saving transformation projects became key projects. In 2017, the newly installed capacity in China amounted to a total of approximately 100 million KW and total investment was approximately RMB564.0 billion. It comprised newly added coal-fired power of 40 million KW with an investment of RMB144.0 billion, general hydropower of 7.60 million KW with an investment of RMB42.0 billion, pumped-storage power of 1.90 million KW with an investment of RMB7.6 billion, air power of 10.60 million KW with an investment of RMB42.0

billion, wind power of 19.00 million KW with an investment of RMB126.0 billion, solar power of 12.70 million KW with an investment of RMB121.0 billion and nuclear power of 5.38 million KW with an investment of RMB53.8 billion. As to the existing units, during the "13th Five-Year Plan" period, the total capacity in relation to energy conservation transformation of coal-fired power units, ultra-low emission transformation and flexible transformation of heat supply or solely condensing power units amounted to 340 million KW, 420 million KW and 210 million KW, respectively. The transportation, maintenance and overhaul markets have seen a broader room for development in 2017. It is expected that the total investment in nationwide power grid projects will amount to approximately RMB521 billion in 2017.

Domestic Non-power Market

According to the "Blue Book of Economics" published by Chinese Academy of Social Sciences, the investment in fixed assets of the whole society for 2017 will amount to RMB67.1 trillion, representing a notional growth of 8.9% and an effective growth of 8.7%. Besides, experts forecast that the size of investments in infrastructures in 2017 will amount to approximately RMB16 trillion and will remain as the vital driver of stable investment and steady growth. In 2017, the focused targets of investments will comprise hydraulic engineering, transportation engineering, urban infrastructure construction and environmental protection engineering, etc.

(1) Hydraulic engineering: China placed emphasis on hydraulic engineering as a key deepening supply-side structural reform and a focused area of consolidating the weakened infrastructures. In 2017, the government will focus on the construction of major hydraulic engineering and infrastructure construction projects, post-disaster construction of weakened hydraulic facilities and enhancement of water resource conservation and protection of water ecology, etc., ensuring that the number of newly commenced major projects exceed 15 with the size of investment in construction-in-progress exceeding RMB900 billion.

(2) Transportation engineering: In 2017, road and waterway projects will complete investment in fixed assets of RMB1.8 trillion; 200,000 km of newly-constructed rural roads, 5,000 km of newly-added highways and 500 km of newly-added high class inland waterway will be completed, with 7,000 newly-added administrative villages with road access in poor regions; railway projects will complete investment of RMB800 billion, with 2,100 km of new lines, 2,500 km of duplex lines and 4,000 km of electrified railway putting into operation; civil freight project investment will amount to RMB120 billion.

(3) Urban infrastructure construction: According to the "Certain Opinions of the Central Committee of the Communist Party of China and the State Council on Further Strengthening the Urban Planning and Development Management" published in February 2016, some requirements were imposed on urban development during the "13th Five-Year Plan" period. Firstly, the Company will put a lot of efforts into development of public transport, organize the coordinated development of various public transport means such as public vehicles, light rails and metro networks so as to ease the pressures on urban transport, particularly the aggregate investment in various rail

transport projects in 30 cities including Beijing, Shenzhen, Hangzhou and Guangzhou in 2017 is expected to exceed RMB1 trillion. Secondly, the Company will speed up the development and reform of urban sewage processing facilities, aiming to strive to achieve comprehensive sewage collection and processing in cities at prefecture-city level and above, and to achieve a water recycling rate of 20% or above in cities which have insufficient water supply with an investment of approximately RMB2 trillion according to calculations by 2020. Thirdly, the Company will construct urban comprehensive underground pipe gallery. According to the projections, the construction size of underground pipe gallery in China will amount to approximately 60,000 km with a total investment of approximately RMB7 trillion, and in recent years, the annual average investment in underground pipe gallery amounted to a range of RMB300 billion to 600 billion. Fourthly, the Company will speed up sponge city construction. During the "13th Five-Year Plan" period, the size of investment in sponge city construction in China amounted to around RMB2 trillion, with an annual investment of approximately RMB400 billion.

International Market

While the global economy is seeing a modest recovery, the global infrastructure construction market will maintain a rigid growth. Following the establishment of the new pattern of China's all-round opening-up and successive introduction of cooperation mechanisms including the "One Belt and One Road" initiative and the 461 China-Africa Cooperation Framework, the regional economic integration and cooperation in power projects will be further promoted, and the foundation platforms for energy integration and interconnection will be established. The investment demand for international power and other infrastructures will continue to grow steadily, which provides favorable opportunities for the development of the Company.

(1) The "One Belt and One Road" will enter the golden period of development. In 2017, the "One Belt and One Road" initiative proposed by the Chinese government will undergo a comprehensive and in-depth promotion. It is stated in the report on the work of the government that the "One Belt and One Road" should be jointly build through consultation and cooperation to meet the interests of all and efforts should be made to accelerate the building of overland economic corridors and maritime cooperation hubs as well as to develop cooperative mechanisms for achieving compatibility in customs clearance procedures along the routes. The government will deepen international production capacity cooperation with other countries to promote equipment, technology, standards and services of China to go global, thereby achieving complementary advantages. To align with the implementation of the "One Belt and One Road" initiative, China will vigorously push forward various financial arrangements such as the implementation of Silk Road Fund, Asian Infrastructure Investment Bank, BRICS Development Bank and OECD Development Bank. The results for the financial support policy will be gradually unleashed, facilitating the full implementation of the "One Belt and One Road".

(2) The power construction market in countries targeted by the “One Belt and One Road” has vast room for development. According to the statistics of International Energy Agency (IEA), in the regions targeted by the “One Belt and One Road”, the total installed capacity was approximately 1 billion KW and power consumption was approximately 5 trillion KWh, while average installed capacity per capita (0.3 KW) and power consumption (1,600 KWh/year) were below half of the world’s average level. It is expected that the room for power project construction in the 64 countries targeted by “One Belt and One Road” in 2020 will be approximately 420 million KW with a total investment in power source construction of approximately USD1.2 trillion, or annual average of approximately USD300 billion. The scope of investment covers various dimensions, such as the exploration of power resources, construction and operation of power grid, export of electrical equipment, acquisition and merger of power assets and multinational power exchange. In addition, South Asia and Sub-Saharan Africa are the two regions experiencing the most serious shortage of electricity. The population without electricity reached more than 1 billion, representing 85% of the total population without electricity around the world. The power consumption per capita (650 KWh/year) only accounts for 20% of the global consumption per capita. All these demonstrate vast room for development of power construction market.

For a certain period in the future, the countries targeted by “One Belt and One Road” initiative will remain as the major market for the development of the international business of the Company. The Company will further explore the market of respective countries targeted by the “One Belt and One Road”, seize the opportunities in various projects and continue to expand the market share, making the committed contribution for the national “One Belt and One Road” initiative. In addition, the Company will actively expand the potential markets, emerging markets and high-end markets in regions such as Central and Eastern Europe, Latin America, Middle-east, aiming to the gradual coverage of principal contracting engineering markets globally.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2017.

USE OF PROCEEDS FROM THE LISTING

As at 30 June 2017, the Company completed the initial public offering and exercised over-allotment option, raising net proceeds of approximately HK$13,125.84 million in total (equivalent to approximately RMB10,890.22 million adopting the exchange rate prevailing on the date when completing the initial public offering and exercising over-allotment option). The net proceeds were applied as expenses in aggregate of RMB7,574.86 million according to the use of proceeds as set out in the prospectus and the balance was RMB3,315.36 million. The breakdown is as follows:

(1) expenses for power and infrastructure construction and contracting projects in China and abroad amounted to RMB2,667.2 million.

(2) expenses for purchasing core equipment amounted to RMB750.00 million.

(3) expenses for fixed assets investment in the expansion and upgrading of production facilities amounted to RMB588.14 million.

(4) expenses for significant projects promoting the research and development abilities as well as management abilities of the Company amounted to RMB375.07 million.

(5) expenses for repayment of bank loans for working capital and projects development amounted to RMB2,178.00 million.

(6) expenses for funding the working capital for general corporate purpose amounted to RMB1,016.45 million.

THE CORPORATE GOVERNANCE CODE

The Company is committed to good corporate governance. The directors earnestly perform their duties by attending meetings of the Board and all of its special committees to express opinions or suggestions and pass resolutions by way of votes. They also attend the annual general meetings and annual work conferences of the Company to actively conduct research works and keep abreast of the corporate development.

The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the six months ended 30 June 2017, the Company has complied with all code provisions contained in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted internal rules no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code for Securities Transactions**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors and supervisors of the Company. Having made enquiries to all directors and supervisors of the Company, the Company has confirmed that each of the directors and supervisors had complied with all code provisions set out in the Model Code for Securities Transactions during the six months ended 30 June 2017.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"). Its primary duties include, among other things, the review and supervision of the Company's financial controls, internal control and risk management system. The Audit Committee comprises two independent non-executive directors and one non-executive director, namely Mr. Ding Yuanchen, Mr. Cheung Yuk Ming and Mr. Ma Chuanjing. Mr. Ding Yuanchen is the chairman of the Audit Committee. Mr. Cheung Yuk Ming has professional qualifications and rich experience in accounting and financial matters.

On 30 August 2017, the Audit Committee has reviewed the interim results announcement of the Company for the six months ended 30 June 2017, the 2017 interim report and the unaudited interim financial statements for the six months ended 30 June 2017 prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ceec.net.cn) respectively. The 2017 interim report of the Company, which contained all the information required by the Listing Rules, will be despatched to the shareholders of the Company in due course, and will also be published on the respective websites of the Stock Exchange and the Company.

By order of the Board
CHINA ENERGY ENGINEERING CORPORATION LIMITED*
Wang Jianping
Chairman

Beijing, the PRC
30 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Wang Jianping, Mr. Ding Yanzhang and Mr. Zhang Xianchong; the non-executive director is Mr. Ma Chuanjing; and the independent non-executive directors are Mr. Ding Yuanchen, Mr. Wang Bin, Mr. Zheng Qiyu and Mr. Cheung Yuk Ming.

* *For identification purpose only*